



## Texas Westmoreland Coal Co.

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December 7, 2005

Ms. Karen Hill  
Air Quality Planning and Implementation Division  
Texas Commission on Environmental Quality  
MC - 206  
P. O. Box 13087  
Austin, Texas 78711

**Re: East Texas Electric Generating Facility Rules (Rule Log No. 2006-002-117-EN)**

Dear Ms. Hill:

Texas Westmoreland Coal Co. (TWCC) appreciates the opportunity to file written comments regarding TCEQ's contemplated NOx emission limits for East Texas Electric Generating Units (EGUs). We are opposed to the contemplated limits and request that the TCEQ immediately redirect its resources to rule revisions that seek alternative means of reducing ozone from sources that, unlike East Texas EGUs, have a direct impact on nonattainment areas and have not already contributed significant emission reductions.

Texas Westmoreland Coal Co. supports the letters of other organizations opposed to reducing the NOx emission limits in Chapter 117, including the letters of the Association of Electric Companies of Texas (AECT); the Gulf Coast Lignite Coalition (GCLC); and the Texas Mining and Reclamation Association (TMRA), and incorporates the comments of these letters by reference. The AECT and GCLC letters discuss, in detail, our shared concerns about the lack of direct benefit to be derived from the contemplated emission limits and the technical infeasibility of the contemplated limits on East Texas EGUs, especially lignite-fired EGUs.

Texas Westmoreland Coal Co. takes this opportunity to specifically call out the significant consequences of the contemplated rule revisions on its Texas mining operations and the resulting impact on the local, state, and national economies.

### Comments

#### **1. The Jewett Mine is a significant part of Texas' coal mining industry.**

Texas Westmoreland Coal Co. owns and operates a surface lignite mine in Leon, Freestone, and Limestone Counties called the Jewett Mine. Representing 15% of Texas' total annual coal production, the Jewett mine is the second largest in Texas. Each year, the mine produces more than 6.5 million tons of coal that is used to fire the Limestone Electric Generating Station. The mine is an important source of revenue for the state and federal government, and in

2004, Texas Westmoreland Coal Co contributed \$2.1 million, in taxes and fees, to the State of Texas and \$2.3 million to the federal government.

The Jewett Mine is especially important to the local economy. The mine's employees live, work, and raise families in nearby communities that depend on the mine for jobs and tax revenue. If TCEQ continues with their unilateral effort to further reduce NOx emissions from East Texas EGUs, the Jewett mine—including its employees; the revenue it generates for the local, state, and national economies; and most importantly, the coal it produces to provide a reliable and efficient source of electricity—will be forced to cease operations.

Note also the following:

- Coal, including lignite, accounts for almost 40% of all electricity generated in Texas, and Texas-mined lignite alone provides 25% of the electricity generated in Texas each year.
- Texas produces 83% more electricity than any other state. Texas is the largest coal consumer in the nation, and is the 5<sup>th</sup> largest coal producer in the nation (44.7 million tons in 2002). The Jewett Mine alone accounts for as much as 15% of all Texas' lignite production.

Texas has the largest reserve of lignite in the United States at 9.95 billion tons, at current production and usage rates.

## **2. The Jewett Mine is critically important to the State and local economies.**

Lignite mining is important for Texas and the nation in a number of respects, including the ability to maintain energy independence, diversity, and reliability. The lignite mining and lignite-fired electrical generation associated with the Jewett Mine comprises as much as 72.2% of export-oriented business activity in Freestone County.

Texas Westmoreland Coal Co urges and respectfully requests that when Staff is contemplating whether or not further NOx reductions should be imposed, TCEQ should take very seriously the AECT and GCLC comments which demonstrate that the contemplated reductions are not feasible at lignite-fired EGUs, given the following consequences that would flow from EGUs no longer being able to utilize lignite:

- Jewett mining operations would cease in Freestone, Leon, and Limestone counties.
- The Jewett Mine would cease to be an important source of tax revenue. That means more than \$134,000 in sales taxes; \$386,000 in county property taxes; \$2.1 million in payments to the Texas Government; and \$2.3 million in payments to the federal government would stop.

- Texans would lose their jobs. The Jewett mine employ's 373 persons. The mine's annual payroll is more than \$21.8 million.

The technical and scientific realities that would drive fuel switching are fully explained in the GCLC comments. That said, Texas Westmoreland Coal Co reiterates that Selective Catalytic Reduction (SCR) retrofit technology is not feasible for existing lignite-fired EGUs. Given that the Limestone Electric Generating Station is the only consumer of Jewett-mined lignite, total fuel switching by that power plant would be economically devastating for the Jewett Mine and its community.

**3. The Texas lignite from the Jewett Mine must remain a viable fuel source for generating electricity at the Limestone Electric Generating Station.**

Efficient and affordable electricity is critically important to Texas and the United States. EGUs fired with Texas-mined coal protect Texans and United States citizens from contingencies such as fuel unavailability, price fluctuations, and changes in regulatory practices. To appreciate the urgent need for more diverse, reliable, and affordable electric generation, Texas Westmoreland Coal Co reminds the TCEQ Staff to consult the Governor's recently issued Executive Order No. RP49 (October 27, 2005), which directs the Commission in the following manner:

***Diversity of Energy Supply.** In order to encourage diversity of energy supply, the Texas Commission on Environmental Quality ("Commission") shall apply the full resources of the agency to prioritize and expedite the processing of environmental permit applications that are protective of the public health and environment and propose to use Texas natural resources to generate electrical power.*

As recognized by Ex. Order RP49, the Commission is directed to protect and foster the use of Texas' natural resources to generate electrical power. Such directive includes using lignite for fuel at the East Texas generating facilities. In short, Texas Westmoreland Coal Co's Jewett Mining Operations present the exact situation contemplated by the Governor's Executive Order. Texas Westmoreland Coal Co warns TCEQ that any contemplation of additional NOx limitations on East Texas EGUs would directly implicate the Jewett Mine and the Limestone Electric Generating Station, thus trigger Executive Order RP49.

**Conclusion**

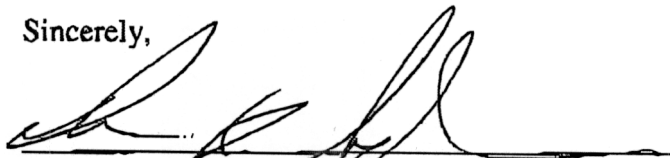

As TCEQ considers the need for more stringent NOx limitations on EGUs, Texas Westmoreland Coal Co asks TCEQ to balance the hypothetical modeling scenarios based on unpredictable and uncertain emission estimates with the real world factors that play into the production of reliable and affordable electricity in Texas. Hundreds of men and women work 24 hour a day, 7 days a week in Freestone, Leon, and Limestone Counties to identify, dig, and haul millions of tons of coal from the Jewett Mine to an electrical generation facility, which is then used to power thousands of Texas homes and businesses. This, of course, is followed by years of commitment to the full reclamation of the natural landscape of East Texas mines.

TCEQ's imposition of additional NOx emission limits on East EGUs will significantly and permanently impair the State's and Nation's ability to enjoy the valuable economic benefits and security that Texas Westmoreland Coal Co's and others' mining operations provide. Any further consideration of more stringent NOx emission limits for East Texas generating facilities must be preceded by a full and complete economic impact analysis, including the full consideration of the irreplaceable economic benefits that the Jewett Mine provides to the communities in Leon, Freestone, and Limestone Counties.

We respectfully submit that the TCEQ immediately redirect its resources to alternative ozone reduction means, unless the TCEQ is confident that it will be able to conclude that the indirect benefits, if any, of the contemplated reductions will outweigh the collateral damage on Texas Westmoreland Coal Co employees, their communities, the County and the State.

Texas Westmoreland Coal Co appreciates the opportunity to state our position on this matter, and is available to address Staff's questions or comments.

Sincerely,

  
\_\_\_\_\_  
Mark K. Seglem  
Vice President & General Manager  
\_\_\_\_\_  
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CC: See Attached List

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